



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 8/06/2001

GAIN Report #DR1024

Dominican Republic

Grain and Feed

Rice Report

2001

Approved by:

Kevin N. Smith

U.S. Embassy

Prepared by:

Carlos G. Suarez

Report Highlights:

Rice production remains insufficient to satisfy local demand. As a result, quality rice is imported to satisfy the market requirements. U.S. rice is preferred for quality, proximity and price, always meeting phytosanitary requirements. Imports in CY 1999 and 2000 averaged 64,500 MT.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Santo Domingo [DR1], DR

Executive Summary

Practically all rice produced in the Dominican Republic has direct access to irrigation. Annual production during the last ten years has been 310,000 MT with yearly imports during that same period averaging over 25,000 MT.

Production patterns in CY 2000 were better than anticipated and slightly better than the previous year. According to Post estimates, production increased 6% to 270,000 MT. Production for CY 2001 is expected to reach 290,000 MT as more funds have been available for the sector through the Agricultural Bank.

Prevailing financial costs, last year's general election and the high input costs should continue to restrain major increases in rice production. As a result, local needs will continue to be supplemented with imports from the United States because of proximity, quality and price.

Along with beans and plantains, rice has been part of the basic Dominican diet for many years. Earlier in the decade, when rice production costs were relatively low, consumption levels were close to 350,000 MT/year. As input prices increased, lower cost imports were not allowed due to phytosanitary concerns. The high prices have apparently changed consumption patterns of some consumers, forcing them to look for less expensive alternative sources of carbohydrate such as, bread, pasta and other staple foods like, plantains, cassava and dasheen. If prices remain at the current levels, consumption is expected to increase only marginally in coming years, probably not exceeding 330,000 MT/year.

Because of the high financial costs, rice stock are generally kept low by the private producers or are part of a strategic stock level that the Secretary of Agriculture (SEA) tries to maintain by purchasing part of the crop directly from the farmers. Due to limited funding, this program is not very effective and imports are allowed when there is a shortage. This situation occurs between December through April. As of April 2001, approximately 14,000 MT of U.S. polished rice have been imported.

The GODR continues to limit rice imports, arguing that they need to protect the local industry. As a result the Secretary of Agriculture uses import permits to limit imports. When rice imports are issued though, a twenty percent tariff is applied to polished rice (CIF basis), plus a twelve percent VAT (value added tax). There is a tariff rate quota in effect for rice. All rice outside the quota should be assessed a 99% tariff level. An initial quota of 13,700 MT of rice imports was established increasing to 17,810 MT by year 2004. The Dominican Republic has not implemented the TRQ for rice, preferring to limit imports with the use of import permits.

Traditionally rice moves from producer to miller to wholesaler and retailer. Local production is generally sold to nearby mills which process, store and sell to the wholesalers. Some larger and financially sound producers have their own mills where they process their own production and additional quantities produced by small farmers, selling to wholesalers. Several of these producers have developed their own private labels and market directly to retailers. Small quantities of rice also move across the border from Haiti.

Statistical Table

PSD Table						
Country	Dominican Republic					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Harvested	80	76	80	87	0	93
Beginning Stocks	10	7	18	24	30	29
Milled Production	250	255	250	270	0	290
Rough Production	385	392	385	415	0	446
MILLING RATE (.9999)	6500	6500	6500	6500	0	6500
TOTAL Imports	73	74	80	55	0	35
Jan-Dec Imports	80	74	85	55	0	35
Jan-Dec Import U.S.	0	74	0	55	0	35
TOTAL SUPPLY	333	336	348	349	30	354
TOTAL Exports	0	0	0	0	0	0
Jan-Dec Exports	0	0	0	0	0	0
TOTAL Dom. Consumption	315	312	318	320	0	328
Ending Stocks	18	24	30	29	0	26
TOTAL DISTRIBUTION	333	336	348	349	0	354